

Chair David Ure
Director Kevin Carter

Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah
April 16, 2015

Minutes

Attending:

Board

David Ure
Louie Cononelos
Jim Lekas
Tom Bachtell
Scott Ruppe
Mike Mower

Staff

Kevin Carter
Kim Christy
Tom Faddies
Lisa Schneider
LaVonne Garrison
Ron Carlson
Rodger Mitchell
Chris Fausett
John Andrews
Deena Loyola
Eric Baim
Tami McKenzie
Nannette Johnson

Others in Attendance:

Mike McKee, Uinta County Commissioner
Wade Bitner, Tooele County Commissioner
Tim Donaldson, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Paula Plant, Utah State Office of Education
Margaret Bird, Universities
Joseph Jenkins, Utah State University
Trudy Henderson, UEA
Tracy Miller, PTA
Corrie Steeves, DHRM
David Laycock, DHRM
John Harja, Utah Public Lands
Ben Nadolski, Division of Wildlife Resources

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1. Welcome

Chairman Ure welcomed guests and thanked everyone for taking time to contribute to the meeting. Board Member Lonnie Bullard was excused from the meeting.

2. Approval of Board Minutes of March 19, 2015

The Board voted to approve the minutes of the last Board meeting.

“I make the motion we approve the minutes of March 19, 2015.”

Motion:	Bachtell/Cononelos	Unanimous		
Votes:	Dave Ure - - Yes	Louie Cononelos - - Yes	James Lekas - - Yes	
	Tom Bachtell - - Yes	Scott Ruppe - - Yes	Mike Mower - - Yes	

3. Confirmation of Upcoming Meeting Dates

Director Carter reviewed the schedule for meetings through December of this year. He detailed the plan for the Board tour in May in the San Rafael Swell. No changes were requested so the tour will continue as planned. There was a discussion to consider a tour in the West Desert in September with a request for assistance in accommodating the tour from the military base.

May 27-28	Board Tour	September 16-17	Board Tour
June 18	Salt Lake City	October 22	Salt Lake City
July 19-23	Utah Hosts WSLCA	November 19	Salt Lake City
August 20	Salt Lake City	December 17	No Meeting

4. County Advisory Committee and Public Comment Period

Trudy Henderson introduced herself as a teacher, retired after 45 years, and now works as a UEA representative for retirees. Ms. Henderson spoke at an educator's conference in Atlanta. She expressed her satisfaction in telling other states about the growth in Utah Trust Lands over the past 20 years. She thanked the Board and SITLA staff for their valuable work to grow the Trust.

Mr. Mower thanked Ms. Henderson by expressing appreciation on behalf of Utah parents for her 45 years of dedication. Ms. Henderson noted she was Mayor McAdams first grade teacher.

County Advisory Committee

The Board went into closed session for a discussion of exchange issues with Commissioner McKee of Uintah County.

“I make the motion we go into closed session for a discussion on exchange issues.”

Motion:	Bachtell/Cononelos	Unanimous		
Votes:	Dave Ure - - Yes	Louie Cononelos - - Yes	James Lekas - - Yes	
	Tom Bachtell - - Yes	Scott Ruppe - - Yes	Mike Mower - - Yes	

Present for the closed session were Commissioner Mike McKee, Six Board Members, Kevin Carter, Tim Donaldson, John Andrews, LaVonne Garrison, Margaret Bird, Nannette Johnson

The Board returned to open session.

“I make the motion we return to open session and proceed with the agenda.”

Motion:	Cononelos/Mower	Unanimous		
Votes:	Dave Ure - - Yes	Louie Cononelos - - Yes	James Lekas - - Yes	
	Tom Bachtell - - Yes	Scott Ruppe - - Yes	Mike Mower - - Yes	

5. Consent Calendar

Consent

There were no consent items for this calendar.

Notification

- a. Proposed Negotiated Sale to Chew Livestock Inc. (PS 8548, Recreational Land Exchange Parcel No. 2)
 - b. Notice of Intent to Amend Wasatch Regional Class V Commercial Landfill Lease (SULA 1405-OBA)
- There was no discussion on notification items, which will proceed as presented.

Follow-up after Six Months

There were no follow-up items for this meeting.

6. Chair's Report

a. Beneficiary Report -Cold Pen to Paper: How Much is SITLA Worth?"

Tim Donaldson provided comparisons to determine value as if SITLA compared to publicly traded organizations. He based worth on future value measured by growth in past years. Mr. Donaldson also noted the huge assumptions used in considering value.

Huge Assumptions:

- The Discount Rate is 7.6%
- Deteriorating Assets = Non Performing Assets

Factors Not Considered:

- Water Rights
- Legislative Goodwill

Mr. Donaldson's conclusion was that SITLA would likely trade at a market cap of \$1-3 billion. The presentation is available on the [Public Notice Website](#).

b. Discussion of Draft Policy on Settlements - - Referred to Legal Committee

c. Discussion of Draft Policy on Stewardship Expenditures - - Referred to Legal Committee

The draft policy on settlements and draft policy on stewardship expenditures were referred to the Legal Committee for review before bringing the topics back to the Board for consideration.

d. Proposed Policy and Rule for Advertisement of Expiring Grazing Permits and Reimbursement for Range Improvement Investments

This agenda item is being deferred until the May meeting.

e. Discussion of Timeline for Recruitment Process

Mr. Cononelos asked Corrie Steeves of DHRM to stand as representative and contact for the recruitment process. Mr. Cononelos then provided the information for the recruitment timeline.

- | | |
|-------------|---|
| April 30 | Board members finalize contact with stakeholders |
| May 1 | DHRM outlines key qualities and ranking criteria characteristics for position based on stakeholder feedback |
| May 28 | <i>Board meeting</i> – Approval of finalized job description for recruitment |
| June 1 | DHRM advertises the position and collects applications and resumes |
| July 1 | Review applications to compile the list of the most qualified candidates. |
| July 6-10 | Distribute list of most qualified candidates |
| July 25 | DHRM and SITLA Board determine final candidates to be interviewed |
| August 1 | SITLA Board conducts face-to-face interviews with finalist candidates |
| September 1 | SITLA Board makes a final candidate selection and shares information with Governor for his concurrence. |
| October 1 | Final candidate is hired to begin work with Director Carter and SITLA staff |

7. Director's Report

a. App Training for Field Use with Portable Devices

Jessica Kirby provided an overview for Board members to make use of the mapping programs on mobile devices during the upcoming Board tour and future tours. The program allows for a download prior to leaving a Wi-Fi connection and heading into remote areas, where GPS features will continue to track with the tablet while touring, even without Wi-Fi or cellular connection. Board members can meet with GIS staff prior to the May Board tour to help with set-up. Two iPads will be prepared and brought along on the tour for additional hands-on experience with the mapping application.

b. Implementing the Governor's Executive Order on Sage Grouse

Director Carter reviewed the Governor's Executive Order to identify the ways in which SITLA is not directly impacted by the order. He further identified the value of the agency considering action that supports the order. John Harja of the Utah Public Lands Coordinating Office and Ben Nadolski with Utah Division of Wildlife Resources attended the Board meeting to be available for the discussion as needed. John Harja discussed the Wyoming Sage Grouse Plan and why it does not fit with Utah. While Wyoming was identified as a model, most states ultimately planned something different.

Utah is not a continuous habitat for Sage Grouse. Five areas represent 95% of the birds in Utah. The Federal Government says all areas are important. The executive order provided the direction to the State for implementation. Agreements for implementation will identify a process. Plans for oil and gas exploration promote use of large pads and directional drilling rather than putting in multiple drilling pads.

Utah can establish a mitigation bank to acquire credits for trading later. Director Carter discussed the role of Parker Mountain in the Sage Grouse issues to note that it is a source site for numerous studies. A memorandum of understanding (MOU) would ask SITLA to hold properties in a reserve bank for later development on other land.

Margaret Bird expressed a desire to see a plan with compensation if SITLA were to provide lands for mitigation. Ms. Bird further suggested a 30-year maximum timeframe for lands held for mitigation.

Mr. Ruppe asked if the Sage Grouse areas could be identified on a map. Mr. Harja pointed out the Sage Grouse areas on a Utah map.

Mr. Cononelos asked which regulatory agency gives the approval to identify acceptable Sage Grouse habitat or what land has the potential to be habitat. Mr. Harja stated there are two things involved. The ultimate approval would likely be the Department of Natural Resources as the entity to say what private company is qualified to do this work. The Fish and Wildlife Service would set the standard for habitat.

Kim Christy noted the Fish and Wildlife Service embraced the Wyoming model. He then asked if any resistance is at a state level or national. Mr. Harja said a national voice is asking for implementation.

Director Carter outlined options for action and asked for direction from the Board. He said the agency could rely on DOGM and the counties to regulate SITLA action or develop a Board policy to implement the State's Sage Grouse Plan according to the executive order.

John Andrews said a mitigation bank provides an opportunity to receive money for exchanged land.

John Harja asked that a MOU to be prepared as soon as possible. Mr. Bachtell asked if a draft MOU was available to aid in the consideration process. Mr. Harja will provide the draft memorandum for the legal committee to consider in developing an agency MOU.

Mr. Cononelos asked where the entire congressional delegation is on Senator Gardner's sponsored Sage Grouse Protection Conservation Act. Mr. Harja mentioned that Senator Gardner would likely present the bill in congress on April 16, 2015. Delegations in the West are beginning to firm-up behind the idea that something has to be done.

A draft MOU, after review by the Legal Committee, will be presented at the next Board meeting.

7. Director's Report (Continued)

Director Carter reminded the Board of the tour that included Potash Ridge and the lessee for a mining project in the area. The lessee has informed SITLA they will not be able to make the upcoming lease payment. The Director suggested the staff, in conjunction with the Minerals Committee, would determine an appropriate solution.

Chairman Ure asked about water in the area. Director Carter indicated the pursuit of water in the area is still ongoing. Director Carter explained the negotiation was for 6,000 acre-feet of water to be available for the current project or future projects. He also noted Beaver County wanted some of the water available in their county and stated disappointment with the negotiation. Beaver County has more recently "softened," on the issues in the negotiation.

Director Carter also said that due to expansion of the participating area north of Dead Horse Point, SITLA received about \$3 million in over payment. A Fidelity repayment is to be brought to the Minerals Committee to understand and determine if there are options.

Chairman Ure left the meeting at 11:50 a.m. Vice Chair Cononelos led the remainder of the meeting.

c. Proposed Policy and Rule on Rare Plant Species

The Board went into closed session for consideration of pending litigation.

"I move we go into closed session for the purpose of discussing potential litigation."

Motion:	Mower/Lekas	Unanimous	
Votes:	Louie Cononelos - - Yes	James Lekas - - Yes	Tom Bachtell - - Yes
	Scott Ruppe - - Yes	Mike Mower - - Yes	

Present for closed session were the five Board members, Kevin Carter, John Harja, Tom Mitchell, LaVonne Garrison, John Andrews, Kim Christy, Deena Loyola, Margaret Bird, Joseph Jenkins, Paula Plant, Nannette Johnson

d. Litigation and Potential Litigation Update

John Andrews reviewed the pending litigation in closed session.

e. Exchange Update

The exchange discussion took place earlier in the meeting while Commissioner Mike McKee was present. The Board returned to open session.

"I make the motion we return to open session."

Motion:	Bachtell/Ruppe	Unanimous	
Votes:	Louie Cononelos - - Yes	James Lekas - - Yes	Tom Bachtell - - Yes
	Scott Ruppe - - Yes	Mike Mower - - Yes	

After returning to open session, The Board adopted a policy for rare plant species with a wording addition to identify the requirement to fulfill the fiduciary duty. The Board then concurred in Rule R850-150.

“I make the motion that the Board adopts the proposed policy as amended.”

Motion:	Bachtell/Ruppe	Unanimous	
Votes:	Louie Cononelos - - Yes	James Lekas - - Yes	Tom Bachtell - - Yes
	Scott Ruppe - - Yes	Mike Mower - - Yes	

Director Carter presented Proposed Rule R850-150 Rare Plant Species. The agency is advocating that the Board concur in the promulgation of this rule and that it is consistent with the Board policy.

“I make the motion that the Board adopts the rule as presented.”

Motion:	Bachtell/Ruppe	Unanimous	
Votes:	Louie Cononelos - - Yes	James Lekas - - Yes	Tom Bachtell - - Yes
	Scott Ruppe - - Yes	Mike Mower - - Yes	

Mr. Lekas asked if the Board wanted to express concurrence with the use of stewardship funds for pending litigation in the state of Colorado in an approximate sum of \$25,000. A vote was not required and the Board provided approval of use of the stewardship funds for legal expenses in Colorado where a Colorado license to practice law is required.

8. Roundtable Discussion - - “State of SITLA: What is Working, What is Being Worked on”

Director Carter opened the discussion with an overview of the agency employees and the expansion of relations across counties, educators, and legislators. He discussed the importance of working relationships with environmental groups for understanding, “what we do and why we are doing it.” The discussion included current conditions, and issues of concern. The Director concluded to say the Trust has no known icebergs ahead. The presentation is available on the [Public Notice Website](#).

Mr. Cononelos asked about the possibility of collaborating with entities to engage with youth civilian groups. Director Carter indicated recent outreach to youth groups has proven effective in projects such as the cleanup at Lake Mountain. Future projects could continue to engage with youth groups.

Mr. Lekas made the motion for the Board to adjourn.